

2013 DRAFTING REQUEST

Bill

Received: **9/12/2012** Received By: **pkahler**
Wanted: **As time permits** Same as LRB:
For: **Administration-Budget 6-2288** By/Representing: **Major**
May Contact: Drafter: **pkahler**
Subject: **Dom. Rel. - child support/maint.** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **Fern.Knepp@legis.wisconsin.gov**

Pre Topic:

DOA:.....Major, BB0195 -

Topic:

Changing interest rate on child support arrears

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 9/12/2012	jdyer 9/13/2012	jfrantze 9/13/2012	_____			
/P1	pkahler 10/17/2012			_____	sbasford 9/13/2012		State
/1	pkahler 12/12/2012	jdyer 10/18/2012	phenry 10/18/2012	_____	sbasford 10/18/2012		State
/2	pkahler	jdyer	rschluet	_____	mbarman		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	1/4/2013	12/12/2012	12/13/2012	_____	12/13/2012		
/3		jdye 1/5/2013	phenry 1/7/2013	_____ _____	mbarman 1/7/2013		State

FE Sent For:

<END>

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/2		jdyer	rschluet		mbarman		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
		12/12/2012	12/13/2012	_____	12/13/2012		

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/1		jdye 10/18/2012	10/18/2012	_____	sbasford 10/18/2012		State

12/12/12
JF

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 May Contact: Drafter: **pkahler**
 Subject: **Dom. Rel. - child support/maint.** Addl. Drafters:
 Extra Copies:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **Fern.Knepp@legis.wisconsin.gov**

Pre Topic:

DOA:.....Major, BB0195 -

Topic:

Changing interest rate on child support arrears

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 9/12/2012	jdye 9/13/2012	9/13/2012	_____			
/P1	pkahler	<i>10/18 jld</i>	<i>19/18 ph X</i>	_____	sbasford 9/13/2012		State

FE Sent For:

<END>

Kahler, Pam

From: Malaise, Gordon
Sent: Wednesday, October 17, 2012 4:01 PM
To: Hanaman, Cathlene
Cc: Kahler, Pam
Subject: RE: Statutory Language Drafting Request - BB0195

Pam.

From: Hanaman, Cathlene
Sent: Wednesday, October 17, 2012 3:51 PM
To: Malaise, Gordon
Subject: FW: Statutory Language Drafting Request - BB0195

From: katrina.major@wisconsin.gov [mailto:katrina.major@wisconsin.gov]
Sent: Wednesday, October 17, 2012 3:46 PM
To: Hanaman, Cathlene
Cc: Kraus, Jennifer - DOA; Major, Katrina L - DOA; Thornton, Scott - DOA
Subject: Statutory Language Drafting Request - BB0195

Biennial Budget: 2013-15

DOA Tracking Code: BB0195

Topic: interest rate

SBO Team: GGCF

SBO Analyst: Major, Katrina L - DOA
Phone: 608-266-2288
E-mail: katrina.major@wisconsin.gov

Agency Acronym: DCF

Agency Number: 437

Priority: Medium

Intent:

modify child support interest rate

DCF draft 60

Attachments: False

Please send completed drafts to statlanguage@wisapps.wi.gov

2013 DRAFTING REQUEST

Bill

Received: **9/12/2012** Received By: **pkahler**
 Wanted: **As time permits** Companion to LRB:
 For: **Children and Families 261-4349** By/Representing: **Bob Nikolay**
 May Contact: Drafter: **pkahler**
 Subject: **Dom. Rel. - child support/maint.** Addl. Drafters:
 Extra Copies:

Submit via email: **YES**
 Requester's email: **Robert.Nikolay@wisconsin.gov**
 Carbon copy (CC) to: **Fern.Knepp@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Changing interest rate on child support arrears

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 9/12/2012	jdye 9/13/2012	9/13/2012	_____			
/P1				_____	sbasford 9/13/2012		State

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: **9/12/2012** Received By: **pkahler**
 Wanted: **As time permits** Companion to LRB:
 For: **Children and Families 261-4349** By/Representing: **Bob Nikolay**
 May Contact: Drafter: **pkahler**
 Subject: **Dom. Rel. - child support/maint.** Addl. Drafters:
 Extra Copies:

Submit via email: **YES**
 Requester's email: **Robert.Nikolay@wisconsin.gov**
 Carbon copy (CC) to: **Fern.Knepp@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Changing interest rate on child support arrears

Instructions:

See attached

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/?	pkahler	1/1 9/13 jld	8/1 9/13	Jt Am	9/13		

FE Sent For:

<END>

**Department of Children and Families
2013- 2015 Biennial Budget
Statutory Language Request**

Topic: Interest Rate for Child Support Arrears

Current Law:

Under current law at s. 767.511(6), child support interest is assessed at a fixed statutory rate of 1% per month, 12% annually, which is higher than many other current interest rates.

Proposed Change:

Amend s.767.511 (6) to read as the following, reducing the interest rate from 12% annum to 6% annum.

Justification:

Wisconsin's total portion of child support arrears that is interest has continued to rise in comparison to other child support debt. This trend has a negative impact on Wisconsin's federal performance, since uncollected interest is counted by the federal government in assessing a state's performance on collecting child support arrearages, and interest makes up a significant portion of Wisconsin's arrearages (41% in SFY 12). Additionally, much of the unpaid interest owed by noncustodial parents is never collected, with less than 1% of total interest owed being collected annually.

With a lower interest rate on child support arrears, it is projected that the Department will receive additional revenues from child support assigned to the state, while also slowing the accumulation of interest. The additional revenues from assigned collections as a result of incentivizing payment with a reduced interest rate is difficult to predict. Assuming assigned collections increase 3% from this change, the State would receive \$146,000 annually in the child support collections appropriation under s. 20.437 (2) (k), after paying the federal share of the collection at the FMAP rate.

The reduction in the interest rate would bring it closer to other current interest rates. For example, the interest rate for civil judgments was recently reduced by 2011 Wisconsin Act 69 to equal 1% plus the prime rate, resulting in a current interest rate of 4.25%.

While this 6% interest rate would be higher than the rate for civil judgments, it could be argued that this maintains an incentive to give priority to paying child support debt compared to other debt while also adequately compensating the custodial parent and child for not receiving support timely. In addition, this would be simple to program, easy to communicate to custodial parents and non-custodial parents, and would not place any additional burden on counties.

Desired Effective Date: January 1, 2014

Agency Contact: Bob Nikolay
261-4349



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0060/

PJK:.....

jld r m w t n m

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

(in 9-12)
Soon

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1

AN ACT relating to: reducing the interest rate on child support arrears. ✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES ✓

CHILDREN ✓

Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of one percent per month, or twelve percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill changes the interest rate on child support in arrears to one-half percent per month, or six percent per year. ✓

For further information see the state fiscal estimate, which will be printed as an appendix to this bill. ✓

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2

SECTION 1. 767.511 (6) (intro.) of the statutes is amended to read: ✓

3

767.511 (6) INTEREST ON ARREARAGE. (intro.) A party ordered to pay child

4

support under this section shall pay simple interest at the rate of 1% 0.5 percent per

5

month on any amount in arrears that is equal to or greater than the amount of child

1
↑
number

12

1 support due in one month. If the party no longer has a current obligation to pay child
2 support, interest at the rate of ~~1%~~ 0.5 percent [✓] per month shall accrue on the total
3 amount of child support in arrears, if any. Interest under this subsection is in lieu
4 of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the
5 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m) and
6 except as required under federal statutes or regulations, the department or its
7 designee shall apply all payments received for child support as follows:

History: 1971 c. 157; 1977 c. 29, 105, 418; 1979 c. 32 ss. 50, 92 (4); 1979 c. 196; Stats. 1979 s. 767.25; 1981 c. 20; 1983 a. 27; 1985 a. 29; 1987 a. 27, 37, 355, 413; 1989 a. 31, 212; 1991 a. 39; 1993 a. 481; 1995 a. 27 ss. 7101, 7102, 9126 (19); 1995 a. 201, 279, 404; 1997 a. 27, 35, 191; 1999 a. 9, 32; 2001 a. 16, 61; 2005 a. 253, 342; 2005 a. 443 ss. 103, 105, 219; Stats. 2005 s. 767.511; 2009 a. 185; 2011 a. 32.

8 **SECTION 2. 767.531 (intro.)** of the statutes is amended to read:

9 **767.531 Family support.** (intro.) The court may make a financial order
10 designated "family support" as a substitute for child support orders under s. 767.511
11 and maintenance payment orders under s. 767.56. A party ordered to pay family
12 support under this section shall pay simple interest at the rate of ~~1%~~ 0.5 percent [✓] per
13 month on any amount in arrears that is equal to or greater than the amount of child
14 support due in one month. If the party no longer has a current obligation to pay child
15 support, interest at the rate of ~~1%~~ 0.5 percent [✓] per month shall accrue on the total
16 amount of child support in arrears, if any. Interest under this section is in lieu of
17 interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the
18 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m), the
19 department or its designee shall apply all payments received for family support as
20 follows:

History: 1977 c. 105; 1979 c. 32 ss. 50, 92 (4); Stats. 1979 s. 767.261; 1983 a. 27; 1985 a. 29; 1993 a. 481; 1995 a. 279; 1997 a. 27, 191; 1999 a. 9, 32; 2005 a. 443 s. 111; Stats. 2005 s. 767.531.

21

SECTION 9306. Initial applicability; Children and Families 

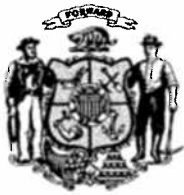
1 (1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6)
2 (intro.) and 767.531 (intro.) of the statutes first applies to interest that accrues on the
3 effective date of this subsection.

4 **SECTION 9406. Effective dates; Children and Families**

5 (1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6)
6 (intro.) and 767.531 (intro.) of the statutes takes effect on January 1, 2014.

7 (END)

, or on the day after
publication, whichever
is later



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0060/E

PJK:jld:j

v m is run

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

(in 10-17)

DOA
Budget draft now

don't
go cut

X

1 AN ACT ~~relating to~~; relating to: reducing the interest rate on child support arrears.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES ✓

CHILDREN ✓

Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of 1 percent per month, or 12 percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill changes the interest rate on child support in arrears to 0.5 percent per month, or 6 percent per year.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 767.511 (6) (intro.) ✓ of the statutes is amended to read:

3 767.511 (6) INTEREST ON ARREARAGE. (intro.) A party ordered to pay child
4 support under this section shall pay simple interest at the rate of ~~1%~~ 0.5 percent per
5 month on any amount in arrears that is equal to or greater than the amount of child

1 support due in one month. If the party no longer has a current obligation to pay child
2 support, interest at the rate of ~~1%~~ 0.5 percent per month shall accrue on the total
3 amount of child support in arrears, if any. Interest under this subsection is in lieu
4 of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the
5 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m) and
6 except as required under federal statutes or regulations, the department or its
7 designee shall apply all payments received for child support as follows:

8 **SECTION 2.** 767.531 (intro.) of the statutes is amended to read:

9 **767.531 Family support.** (intro.) The court may make a financial order
10 designated "family support" as a substitute for child support orders under s. 767.511
11 and maintenance payment orders under s. 767.56. A party ordered to pay family
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17 interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the
18 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m), the
19 department or its designee shall apply all payments received for family support as
20 follows: *auto ref A*

21 **SECTION 9306. Initial applicability; Children and Families.**

22 (1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6)
23 (intro.) and 767.531 (intro.) of the statutes first applies to interest that accrues on the
24 effective date of this subsection.

25 **SECTION 9406. Effective dates; Children and Families.**

1 (1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6)
2 (intro.) and 767.531 (intro.) of the statutes takes effect on January 1, 2014, or on the
3 day after publication, whichever is later.
4

(END)

and ^{CS} Section 9306(1) of this
act

← auto of A

Kahler, Pam

From: Major, Katrina L - DOA <Katrina.Major@wisconsin.gov>
Sent: Tuesday, December 11, 2012 5:29 PM
To: Kahler, Pam
Subject: 0060/1

Hi Pam, can you please modify the draft on changing the interest rate on child support arrears to a pilot program that ends on June 30, 2015? At that time, DOA would be required to approve to continue after the pilot. Thanks! k



State of Wisconsin
2013 - 2014 LEGISLATURE

LRB-0060/2
PJK:jld:pr
r mis run

DOA:.....Major, BB0195 - Changing interest rate on child support arrears

FOR 2013-2015 BUDGET - NOT READY FOR INTRODUCTION

Vote
(12-12)

1 AN ACT; relating to: reducing the interest rate on child support arrears. ✓
do not go out a pilot program ✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

CHILDREN

Insert A ✓
Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of 1 percent per month, or 12 percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill changes the interest rate on child support in arrears to 0.5 percent per month, or 6 percent per year.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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2 SECTION 1. 767.511 (6) (intro.) of the statutes is amended to read:
3 767.511 (6) INTEREST ON ARREARAGE. (intro.) A party ordered to pay child
4 support under this section shall pay simple interest at the rate of 1% 0.5 percent per

1 month on any amount in arrears that is equal to or greater than the amount of child
2 support due in one month. If the party no longer has a current obligation to pay child
3 support, interest at the rate of ~~1%~~ 0.5 percent per month shall accrue on the total
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6 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m) and
7 except as required under federal statutes or regulations, the department or its
8 designee shall apply all payments received for child support as follows:

9 **SECTION 2.** 767.531 (intro.) of the statutes is amended to read:

10 **767.531 Family support.** (intro.) The court may make a financial order
11 designated "family support" as a substitute for child support orders under s. 767.511
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18 interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the
19 department or its designee under s. 767.57. Except as provided in s. 767.57 (1m), the
20 department or its designee shall apply all payments received for family support as
21 follows:

22 **SECTION 9306. Initial applicability; Children and Families.**

23 (1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6)
24 (intro.) and 767.531 (intro.) of the statutes first applies to interest that accrues on the
25 effective date of this subsection.

SECTION 9406. Effective dates; Children and Families.

(1) INTEREST RATE ON SUPPORT ARREARS. The treatment of sections 767.511 (6) (intro.) and 767.531 (intro.) of the statutes and SECTION 9306 (1) of this act take effect on January 1, 2014, or on the day after publication, whichever is later.

(END)

Insert 3-4 ✓

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2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0060/2ins
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INSERT A

not requires DCF[✓] to conduct a pilot program, from January 1, 2014, to June 30, 2015, during which time the interest rate on child support in arrears would be [✓]0.5 percent per month, or [✓]6 percent per year, instead[✓]. The interest rate reverts to 10[✓] percent per month at the end of the pilot program unless DOA[✓] approves the continuation of the lower rate ~~no~~[✓].

(END OF INSERT A)

INSERT 3-4

1063

1 **SECTION 1.** 767.511 (6) (intro.)[✓] of the statutes is amended to read:

2 767.511 (6) INTEREST ON ARREARAGE. (intro.)[✓] ~~1A~~ Except as provided in sub. (6m),[✓]

3 a party ordered to pay child support under this section shall pay simple interest at

4 the rate of 1% per month on any amount in arrears that is equal to or greater than

5 the amount of child support due in one month. If Except as provided in sub. (6m),[✓]

6 if the party no longer has a current obligation to pay child support, interest at the

7 rate of 1% per month shall accrue on the total amount of child support in arrears, if

8 any. Interest under this subsection is in lieu of interest computed under s. 807.01

9 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its designee under s.

10 767.57. Except as provided in s. 767.57 (1m) and except as required under federal

11 statutes or regulations, the department or its designee shall apply all payments

12 received for child support as follows:

History: 1971 c. 157; 1977 c. 29, 105, 418; 1979 c. 32 ss. 50, 92 (4); 1979 c. 196; Stats. 1979 s. 767.25; 1981 c. 20; 1983 a. 27; 1985 a. 29; 1987 a. 27, 37, 355, 413; 1989 a. 31, 212; 1991 a. 39; 1993 a. 481; 1995 a. 27 ss. 7101, 7102, 9126 (19); 1995 a. 201, 279, 404; 1997 a. 27, 35, 191; 1999 a. 9, 32; 2001 a. 16, 61; 2005 a. 253, 342; 2005 a. 443 ss. 103, 105, 219; Stats. 2005 s. 767.511; 2009 a. 185; 2011 a. 32.[✓]

13 **SECTION 2.** 767.511 (6m) of the statutes is created to read:

14 767.511 (6m) PILOT PROGRAM ON INTEREST RATE.[✓] The department shall conduct

15 a pilot program under which the interest that accrues on the amounts in arrears

16 specified in sub. (6)[✓] and in s. 767.531[✓] shall be at the rate of 0.5[✓] percent per month

17 instead of 1[✓] percent per month. The pilot program shall begin on January 1, 2014,

↓

Ens. 3 4 cont'd 2003

and end on June 30, 2015, and the new rate shall apply to interest that accrues during that time. At the end of the pilot program, the interest rate shall revert to 1 percent per month, unless the department of administration approves the continuation of the ~~new~~ rate. *lower*

SECTION 3. 767.531 (intro.) of the statutes is amended to read:

767.531 Family support. (intro.) The court may make a financial order designated "family support" as a substitute for child support orders under s. 767.511 and maintenance payment orders under s. 767.56. ~~Except as provided in s. 767.511 (6m),~~ a party ordered to pay family support under this section shall pay simple interest at the rate of 1% per month on any amount in arrears that is equal to or greater than the amount of child support due in one month. ~~If Except as provided in s. 767.511 (6m),~~ if the party no longer has a current obligation to pay child support, interest at the rate of 1% per month shall accrue on the total amount of child support in arrears, if any. Interest under this section is in lieu of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its designee under s. 767.57. Except as provided in s. 767.57 (1m), the department or its designee shall apply all payments received for family support as follows:

History: 1977 c. 105; 1979 c. 32 ss. 50, 92 (4); Stats. 1979 s. 767.261; 1983 a. 27; 1985 a. 29; 1993 a. 481; 1995 a. 279; 1997 a. 27, 191; 1999 a. 9, 32; 2005 a. 443 s. 111; Stats. 2005 s. 767.531.

SECTION 4. 767.57 (1m) (intro.) of the statutes is amended to read:

767.57 (1m) OVERPAYMENT. (intro.) ~~Notwithstanding ss. 767.511 (6) and 767.531,~~ if the department or its designee receives support or maintenance money that exceeds the amount due in the month in which it is received and the department or its designee determines that the excess amount is for support or maintenance due in a succeeding month, the department or its designee may hold the amount of

Ins 3-4 contd 3883

- 1 overpayment that does not exceed the amount due in the next month for
- 2 disbursement in the next month if any of the following applies:

History: 1971 c. 41 s. 12; Sup. Ct. Order, 67 Wis. 2d 585, 775 (1975); 1975 c. 82, 200; 1975 c. 401 s. 4; 1977 c. 105 s. 59; 1977 c. 271, 418, 447; 1979 c. 32 ss. 50, 92 (4); 1979 c. 257 s. 17; Stats. 1979 s. 767.29; 1981 c. 20 s. 2202 (20) (m); 1983 a. 27, 302; 1985 a. 29, 176; 1991 a. 39; 1993 a. 481; 1995 a. 27 ss. 7104tm, 9126 (19), 9130 (4); 1995 a. 77, 279, 289, 404; 1997 a. 27, 35, 105, 191, 252; 1999 a. 9; 2001 a. 16, 59, 61, 105; 2005 a. 25, 387; 2005 a. 443 ss. 127 to 132, 144, 225; Stats. 2005 s. 767.57; 2007 a. 20, 96; 2009 a. 28, 180.

(END OF INSERT 3-4)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0060/2dn

PJK:.....

date

jld

I added an amendment to s. 767.57 (1m) (intro.)[✓] to this draft. Since both ss. 767.511 (6)[✓](intro.) and[✓]767.531 (intro.) say "Except as provided in s.[✓]767.57 (1m)," those provisions should not be "notwithstanding" in s. 767.57 (1m).[✓]

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0060/2dn
PJK:jld:rs

December 12, 2012

I added an amendment to s. 767.57 (1m) (intro.) to this draft. Since both ss. 767.511 (6) (intro.) and 767.531 (intro.) say "Except as provided in s. 767.57 (1m)," those provisions should not be "notwithstanding" in s. 767.57 (1m).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

Kahler, Pam

From: Major, Katrina L - DOA <Katrina.Major@wisconsin.gov>
Sent: Thursday, January 03, 2013 5:00 PM
To: Kahler, Pam
Subject: RE: 0060- interest rate

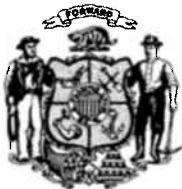
Yep, that exactly. Thanks!

From: Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]
Sent: Thursday, January 03, 2013 4:59 PM
To: Major, Katrina L - DOA
Subject: RE: 0060- interest rate

Katie, I'm not sure what you mean. Do you mean that the department may (not shall) implement the change as a pilot program at any time on or after January 1, 2014, but if they do, it ends on June 30, 2015 unless approved to continue?

From: Major, Katrina L - DOA [<mailto:Katrina.Major@wisconsin.gov>]
Sent: Thursday, January 03, 2013 2:46 PM
To: Kahler, Pam
Cc: Kraus, Jennifer - DOA
Subject: 0060- interest rate

Hi Pam, can you modify the child support arrears interest rate draft to say that DCF can implement it on or after Jan 1, 2014 (but still leave it as a pilot program that terminates on June 30, 2015 unless it's approved)? Thanks



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0060/3

PJK:jld:rs

run

DOA:.....Major, BB0195 - Changing interest rate on child support arrears

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

(in 1-4)

do not
get cut

✓

1 AN ACT relating to: a pilot program reducing the interest rate on child support
2 arrears. ✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

CHILDREN

Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of 1 percent per month, or 12 percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill requires DCF to conduct a pilot program, from January 1, 2014, to June 30, 2015, during which time the interest rate on child support in arrears would be 0.5 percent per month, or 6 percent per year. The interest rate reverts to 1 percent per month at the end of the pilot program unless DOA approves the continuation of the lower rate.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 767.511 (6) (intro.) of the statutes is amended to read:

beginning at any time after December 31, 2014, but ending on

authorizes

any such

Subject to

1 767.511 (6) INTEREST ON ARREARAGE. (intro.) A Except as provided in sub. (6m).
2 a party ordered to pay child support under this section shall pay simple interest at
3 the rate of 1% per month on any amount in arrears that is equal to or greater than
4 the amount of child support due in one month. If Except as provided in sub. (6m).
5 if the party no longer has a current obligation to pay child support, interest at the
6 rate of 1% per month shall accrue on the total amount of child support in arrears, if
7 any. Interest under this subsection is in lieu of interest computed under s. 807.01
8 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its designee under s.
9 767.57. Except as provided in s. 767.57 (1m) and except as required under federal
10 statutes or regulations, the department or its designee shall apply all payments
11 received for child support as follows:

12 SECTION 2. 767.511 (6m) of the statutes is created to read:

13 767.511 (6m) PILOT PROGRAM ON INTEREST RATE. The department shall conduct
14 a pilot program under which the interest that accrues on the amounts in arrears
15 specified in sub. (6) and in s. 767.531 shall be at the rate of 0.5 percent per month
16 instead of 1 percent per month. The pilot program shall begin on January 1, 2014,
17 and end on June 30, 2015, and the new rate shall apply to interest that accrues
18 during that time. At the end of the pilot program, if any, the interest rate shall revert to
19 1 percent per month, unless the department of administration approves the
20 continuation of the lower rate.

21 SECTION 3. 767.531 (intro.) of the statutes is amended to read:

22 767.531 Family support. (intro.) The court may make a financial order
23 designated "family support" as a substitute for child support orders under s. 767.511
24 and maintenance payment orders under s. 767.56. A Except as provided in s.
25 767.511 (6m), a party ordered to pay family support under this section shall pay

*Subject to**Subject to**at any time after December 31, 2013, but**If the department conducts a*

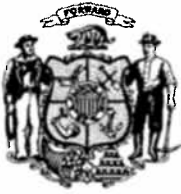
1 simple interest at the rate of 1% per month on any amount in arrears that is equal
2 to or greater than the amount of child support due in one month. If Except as
3 provided in s. 767.511 (6m), if the party no longer has a current obligation to pay child
4 support, interest at the rate of 1% per month shall accrue on the total amount of child
5 support in arrears, if any. Interest under this section is in lieu of interest computed
6 under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its
7 designee under s. 767.57. Except as provided in s. 767.57 (1m), the department or
8 its designee shall apply all payments received for family support as follows:

9 **SECTION 4.** 767.57 (1m) (intro.) of the statutes is amended to read:

10 767.57 (1m) OVERPAYMENT. (intro.) ~~Notwithstanding ss. 767.511 (6) and~~
11 ~~767.531, if~~ If the department or its designee receives support or maintenance money
12 that exceeds the amount due in the month in which it is received and the department
13 or its designee determines that the excess amount is for support or maintenance due
14 in a succeeding month, the department or its designee may hold the amount of
15 overpayment that does not exceed the amount due in the next month for
16 disbursement in the next month if any of the following applies:

17 (END)

Subject to



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0060/3
PJK:jld:ph

DOA:.....Major, BB0195 – Changing interest rate on child support arrears

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

1 **AN ACT** ...; **relating to:** a pilot program reducing the interest rate on child support
2 arrears.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

CHILDREN

Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of 1 percent per month, or 12 percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill authorizes DCF to conduct a pilot program, beginning at any time after December 31, 2013, but ending on June 30, 2015, during which time the interest rate on child support in arrears would be 0.5 percent per month, or 6 percent per year. The interest rate reverts to 1 percent per month at the end of any such pilot program unless DOA approves the continuation of the lower rate.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 767.511 (6) (intro.) of the statutes is amended to read:

2 767.511 (6) INTEREST ON ARREARAGE. (intro.) ~~A- Subject to sub. (6m),~~ a party
3 ordered to pay child support under this section shall pay simple interest at the rate
4 of 1% per month on any amount in arrears that is equal to or greater than the amount
5 of child support due in one month. ~~If Subject to sub. (6m),~~ if the party no longer has
6 a current obligation to pay child support, interest at the rate of 1% per month shall
7 accrue on the total amount of child support in arrears, if any. Interest under this
8 subsection is in lieu of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8)
9 and is paid to the department or its designee under s. 767.57. Except as provided in
10 s. 767.57 (1m) and except as required under federal statutes or regulations, the
11 department or its designee shall apply all payments received for child support as
12 follows:

13 **SECTION 2.** 767.511 (6m) of the statutes is created to read:

14 767.511 (6m) PILOT PROGRAM ON INTEREST RATE. The department may conduct
15 a pilot program under which the interest that accrues on the amounts in arrears
16 specified in sub. (6) and in s. 767.531 shall be at the rate of 0.5 percent per month
17 instead of 1 percent per month. If the department conducts a pilot program under
18 this subsection, the program may begin at any time after December 31, 2013, but
19 shall end on June 30, 2015, and the new rate shall apply to interest that accrues
20 during that time. At the end of the pilot program, if any, the interest rate shall revert
21 to 1 percent per month, unless the department of administration approves the
22 continuation of the lower rate.

23 **SECTION 3.** 767.531 (intro.) of the statutes is amended to read:

24 **767.531 Family support.** (intro.) The court may make a financial order
25 designated “family support” as a substitute for child support orders under s. 767.511

1 and maintenance payment orders under s. 767.56. ~~A- Subject to s. 767.511 (6m), a~~
2 party ordered to pay family support under this section shall pay simple interest at
3 the rate of 1% per month on any amount in arrears that is equal to or greater than
4 the amount of child support due in one month. ~~If Subject to s. 767.511 (6m), if the~~
5 party no longer has a current obligation to pay child support, interest at the rate of
6 1% per month shall accrue on the total amount of child support in arrears, if any.
7 Interest under this section is in lieu of interest computed under s. 807.01 (4), 814.04
8 (4), or 815.05 (8) and is paid to the department or its designee under s. 767.57. Except
9 as provided in s. 767.57 (1m), the department or its designee shall apply all payments
10 received for family support as follows:

11 **SECTION 4.** 767.57 (1m) (intro.) of the statutes is amended to read:

12 767.57 (1m) OVERPAYMENT. (intro.) ~~Notwithstanding ss. 767.511 (6) and~~
13 ~~767.531, if~~ If the department or its designee receives support or maintenance money
14 that exceeds the amount due in the month in which it is received and the department
15 or its designee determines that the excess amount is for support or maintenance due
16 in a succeeding month, the department or its designee may hold the amount of
17 overpayment that does not exceed the amount due in the next month for
18 disbursement in the next month if any of the following applies:

19 (END)